

MONTANA BOARD OF HORSE RACING MEETING  
JUNE 20, 2007 – 10:00 A.M.  
RIMINI ROOM, PARK PLAZA  
HELENA, MT

Unapproved Minutes

**ATTENDANCE:**

Bob Brastrup	Chairman	Sue Austin	Board Member
Al Carruthers	Board Member	Mike Tatsey	Board Member
John Tooke	Board Member	John Ostlund	Board Member
Sam Murfitt	Executive Secretary	Carol Grell Morris	Legal Counsel
Marlys Stark	Administrative Assistant		

**PUBLIC IN ATTENDANCE:**

Lou Wojciechowski, Bill Ogg, Dick Austin, Ben Carlson, Jack Cano, Lisa Cano, Steve Arntzen, Neal Mullarky, Bill Nooney, Don Richard, Tom Tucker, Ervin Carlson

**CALLED TO ORDER:**

Chairman Brastrup called the meeting to order at 10:05 a.m.

**MINUTES:**

**Upon motion regularly made and carried, the minutes of the previous meetings were approved and ordered filed with the permanent records of the Board.**

**BOARD BUSINESS:**

All Board members briefly introduced themselves since Sue Austin and Al Carruthers have been recently reappointed to the Board and John Tooke and John Ostlund have been appointed as new members.

**MILES CITY RACE MEET REPORT:**

Executive Secretary Sam Murfitt reported on the Miles City Bucking Horse Sale 2007 Race Meet, which included the new addition of parimutuel wagering on match bronc rides. The Executive Secretary reported there were some occurrences that pointed out places where the rules will need to be revised but nothing major. Don Richard, Miles City Bucking Horse Sale Director of Racing, reported things went very well and there was some need for adjustments between the way the rodeo operated and what was necessary for parimutuel wagering on the rides.

**Motion by Member Carruthers to authorize Executive Secretary Murfitt to revise the match bronc rules as needed. Seconded by John Tooke and the motion carried.**

## **MONTANA HORSE RACING OVERVIEW:**

Executive Secretary Murfitt gave a summary of the past trends in Montana horseracing. The current outlook is poor. With no changes, horse racing would probably be finished in Montana within a year or two. Executive Secretary Murfitt believes this trend will begin to reverse itself once the new legislative programs become effective.

## **MONTANA SIMULCAST PARTNERS (MSP):**

Tom Tucker of IMS Racing gave a history of Montana Simulcast Partners (MSP). The amount of money MSP has been able to contribute back to the industry is decreasing mainly due to increased costs and loss of simulcast player base resulting from internet wagering and demographic changes.

Tom stated MSP has been very fortunate with their sites, as most lose money but are in it because they like horse racing. They need a teaching vehicle to get people involved in parimutuel wagering and possibly the fantasy sports bill is that vehicle.

**Recess at 11:03 a.m. Reconvene at 11:20 a.m.**

## **CURRENT BOARD STATUS:**

Executive Secretary Murfitt reported the Board is currently operating at deficit spending. Expenses have increased and income has decreased significantly. This current trend would result in the Board depleting all cash reserves sometime in 2008. The 2007 Legislature's grant of general fund money through the EPP process will help defray costs of regulation to both the tracks and the Board for FY 2008 and FY 2009 only.

## **BREEDER MEMBERSHIP QUESTION:**

Chairman Brastrup asked the track representatives if they would comment on a recent suggestion by Tom Williams of the Montana Breeders Association that the tracks should require everyone that runs a horse on their track to be a current member of that organization or collect a membership fee to become a member. Track representatives all opposed the suggestion.

**Recess at 11:53 a.m. for lunch. Reconvene at 1:08 p.m.**

## **LEGISLATION:**

Legal Counsel Grell Morris gave a presentation to the Board and public of the timelines involved in writing and implementing new rules. Considering the importance of the issue, a public hearing on any proposed rules would probably be necessary. Since there are no templates to work with regarding fantasy sports, it is quite likely that if the process began the 1<sup>st</sup> of July, mid January would be the earliest that the rules would be effective. Since it is unlikely recommendations would be ready by the 1<sup>st</sup> of July the timeline would be adjusted to assume rules would be effective 6 months after the recommendations are made.

She also discussed committee roles and procedures regarding the application of open meeting laws to all

committee meetings and a committee's duty to produce a report and recommendation to the Board of Horse Racing for final Board action. Meeting notices will be published on the Board website.

### 1. Advance Deposit Account Wagering

Executive Secretary Murfitt summarized HB 390 on Advance Deposit Account Wagering. The Executive Secretary stated there are templates from other states that could be used as starting points. The Board discussed setting up committees to work on recommendations and proposed rules for the new legislation for advance deposit account wagering as well as the parimutuel wagering on fantasy sports.

**Motion by Member Tooke, seconded by Member Ostlund, to authorize subcommittees to make recommendations on the advanced deposit account wagering and fantasy sports issues. Motion passed.**

After some discussion, the committee members to work on advanced deposit wagering rules were chosen. The committee members will be John Ostlund (Board member) as Chair, Ben Carlson (Yellowstone Downs), Tom Tucker (IMS Racing) and Mary Ogdahl (Board member). The committee was requested to have recommendation reports ready by the August Board meeting. If the reports are ready sooner, the Board may schedule a conference call to discuss the recommendations.

Executive Secretary Murfitt suggested the committee should consider having Ben Carlson or another representative negotiate with the hubs in order to settle the source market percentage PRIOR to the Board finalizing any contracts.

**Member Carruthers made a motion which was seconded by Member Tatsey to accept the proposed committee members. Motion carried.**

### 2. Fantasy Sports

Executive Secretary Murfitt summarized HB 616 on parimutuel wagering on fantasy sports. The Executive Secretary reminded the Board the primary concern of the Board should be the integrity of parimutuel wagering on fantasy sports. He also stated there are a lot of areas in which the rules need to be very clear. There are many entities that will be watching how this is handled.

Board member John Tooke, who had originally proposed the bill and has been instrumental in getting it to the legislature and passed, gave a brief summary. He has received a proposal from a Montana company called Century Gaming which is a subsidiary of United Coin from Utah. This company does business with United Tote which is now owned by Ubet. This proposal included promotion and development dollars. Their main concern is the licensing process as they would want to be guaranteed to be able to operate for a set number of years due to their initial investment.

Steve Arntzen, from Century Gaming, stated they believe the project needs someone that can bring both sales pitch ability and saturation of machines. They want to develop a product that will draw new players in but are willing to take the financial risk to do so only if they are guaranteed a length of time to operate.

After some further discussion, the committee for fantasy sports was discussed.

**Motion by Member Carruthers to hold the committee numbers to six. Motion was seconded by**

## **Member Austin and carried.**

Final committee members were John Tooke (Board member) as Chair, Bill Nooney (MSP) as Vice Chair, Steve Arntzen (Century Gaming), Rich Miller (Gaming Association), Tom Tucker (IMS Racing) and Bob Brastrup (Board Chair).

Resource people for this committee would include Zane Kittleman from Miles City and Brendan Burgess from United Tote. Executive Secretary Murfitt and Legal Counsel Grell Morris will also serve as resource personnel.

**Motion to approve the committee working on recommendations for parimutuel wagering on fantasy sports was made by Member Carruthers, seconded by Member Ostlund. Motion passed.**

This committee was also requested to have a report ready by the August meeting.

## **OTHER BUSINESS:**

**The Board will meet in Billings at the Metra on August 24<sup>th</sup> at 10:00 a.m.**

### Track Reports

Chairman Brastrup requested track reports from Bill Ogg, State Fair Race Meet and Ben Carlson, Yellowstone Downs. Bill Ogg stated State Fair Race Meet only has 63 horses on the grounds at this time and are hoping for more when Lethbridge closes. State Fair Race Meet intends to maintain their purse structure from 2006 and are implementing overnight stakes this year. Ben Carlson said Yellowstone Downs currently has 24 horses on the grounds and things are working well. Member Carruthers suggested a priority should be a way to encourage jockey participation as tracks in other states are experiencing a jockey shortage.

### Legal Counsel Contract

The Executive Secretary requested the Board consider allowing an addition of up to 100 hours to Legal Counsel Grell Morris' contract as there will be a lot of hours involved in working on new legislative programs.

**Motion by Member Tooke, seconded by Member Ostlund, to allow up to an additional 100 hours of contracted hours for Legal Counsel Grell Morris. Motion carried.**

### Committee Meeting Dates

**The committee to work on recommendations for rules regarding the advance deposit wagering law will meet at 10:00 a.m. on July 5<sup>th</sup> in the lounge area of the Metra in Billings.**

**The committee to work on recommendations for rules regarding the fantasy sports law will meet at 10:00 a.m. on July 10<sup>th</sup> in the lounge area of the Metra in Billings.**

### EPP

A question was raised by Ben Carlson regarding how the EPP money would be distributed. The Executive Secretary said that would be decided at a later date.

Total Annual On Track Handle

Ben Carlson wondered if the Board was ready to revisit a previously tabled matter regarding how total annual on track handle is figured. Chairman Brastrup said it would be on a future agenda.

**PUBLIC COMMENT:**

**In accordance with Mont. Code Ann. § 2-3-103, the meeting was opened for public comment at this time. Chairman Brastrup read the open forum statement and the public was informed that they could have a short time for comment but that no action could be taken on any issue at this time.**

Bill Nooney asked the Board whether Western Montana Fair would be able to implement parimutuel wagering on match bronc rides at their rodeo. Since that would be considered a race date and Western Montana Fair dropped their dates, they would not be able to this year.

He also suggested that committee members should have new rule books.

**ADJOURNMENT:**

The meeting adjourned at 3:07 p.m.

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Signature

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Date